

AMENDED IN ASSEMBLY APRIL 10, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 2740

Introduced by ~~Committee on Business, Professions and Consumer Protection (Assembly Members Bonilla (Chair), Jones (Vice Chair), Bocanegra, Campos, Dickinson, Eggman, Gordon, Hagman, Holden, Maienschein, Mullin, Skinner, Ting, and Wilk)~~
Assembly Member Bonilla

(Principal coauthor: Senator Lieu)

February 26, 2014

An act to amend Section 9810 of the Business and Professions Code, relating to consumer affairs.

LEGISLATIVE COUNSEL'S DIGEST

AB 2740, as amended, ~~Committee on Business, Professions and Consumer Protection~~ *Bonilla*. Bureau of Electronic and Appliance Repair, Home Furnishings, and Thermal Insulation.

Existing law establishes the Bureau of Electronic and Appliance Repair, Home Furnishings, and Thermal Insulation under the supervision and control of the Director of Consumer Affairs. Existing law requires the director to administer and enforce those provisions relating to the licensure and regulation of electronic and appliance repair service dealers and persons engaged in various businesses associated with home furnishings. Existing law requires the Governor to appoint a chief of the bureau to serve under the direction and supervision of the director, as specified.

This bill would require that the powers and duties of the bureau, as provided, be subject to review by the appropriate policy committees of

the Legislature as if these provisions were scheduled to be repealed on January 1, 2019.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. (a) The Legislature finds and declares all of the*
2 *following:*
3 *(1) The Bureau of Electronic and Appliance Repair, Home*
4 *Furnishings, and Thermal Insulation is within the Department of*
5 *Consumer Affairs, its mission is “to protect and serve consumers*
6 *while ensuring a competent and fair marketplace,” and its mandate*
7 *includes making protection of the public its highest priority in*
8 *exercising its licensing, regulatory, and disciplinary functions.*
9 *(2) The California Bureau of Home Furnishings and Thermal*
10 *Insulation was established in 1911 in Assembly Bill 547 (Ch. 73,*
11 *Stats. 1911) in response to unscrupulous manufacturing practices*
12 *in the mattress industry, which contributed to the fires following*
13 *the 1906 San Francisco earthquake.*
14 *(3) The California Bureau of Electronic and Appliance Repair*
15 *was established in 1963 under the Electronic and Appliance Repair*
16 *Dealer Registration Law in Senate Bill 1292 (Ch. 1492, Stats.*
17 *1963) in response to growing concerns to consumers and law*
18 *enforcement agencies about fraud and negligence in the television*
19 *repair industry.*
20 *(4) In 2009, Assembly Bill 20 (Chapter 18 of the Fourth*
21 *Extraordinary Session of the Statutes of 2009), officially merged*
22 *the Bureau of Home Furnishings and Thermal Insulation with the*
23 *Bureau of Electronic and Appliance Repair together to create the*
24 *Bureau of Electronic and Appliance Repair, Home Furnishings,*
25 *and Thermal Insulation.*
26 *(5) Today, the bureau licenses and regulates over 40,000*
27 *businesses, including businesses that engage in the repair of*
28 *electronics and appliances, the sale and administration of service*
29 *contracts, and the manufacture, sale, or maintenance of*
30 *upholstered home furnishings, bedding, and thermal insulation.*
31 *In addition, the bureau adopts regulations and ensures compliance*
32 *with the law; inspects businesses and conducts investigations;*
33 *conducts research on, develops standards for, and tests upholstered*

1 *furniture, bedding, and thermal insulation products to confirm*
2 *they meet specified standards; handles consumer complaints; and*
3 *initiates disciplinary action against businesses that violate statutory*
4 *or regulatory requirements.*

5 *(6) On March 10, 2014, the Assembly Business, Professions*
6 *and Consumer Protection Committee and the Senate Business,*
7 *Professions and Economic Development Committee (the*
8 *committees) held a joint oversight sunset hearing and prepared a*
9 *background paper on the bureau.*

10 *(7) While the hearing and the background paper found the*
11 *bureau in good standing, it also identified areas for follow up and*
12 *requested the bureau to report back to the committees on specific*
13 *issues, which include all of the following:*

14 *(A) While the bureau is in good fiscal standing, its revenues are*
15 *projected to stay the same over the next few years and the cost of*
16 *doing business is projected to rise over time, potentially leading*
17 *to a long-term deficit. The bureau should report to the committees*
18 *any planned efforts to increase its revenues and reduce its*
19 *expenditures, and whether, or when, it might seek a statutory fee*
20 *increase in the future.*

21 *(B) For the 2013–14 fiscal year, the Bureau’s Electronic and*
22 *Appliance Repair Fund and the Home Furnishings and Thermal*
23 *Insulation Fund are expected to spend roughly 37 percent and 19*
24 *percent of their budgets, respectively, on the pro rata costs to the*
25 *department. The bureau should advise the committees about the*
26 *bases upon which pro rata costs are calculated, and whether it*
27 *could achieve cost savings by dealing with more of its consumer*
28 *complaints in-house.*

29 *(C) Currently, electronic and appliance repair and thermal*
30 *insulation licenses are renewed annually, and home furnishings*
31 *licenses are renewed biennially. The bureau should examine the*
32 *pros and cons of requiring biennial renewals instead of annual*
33 *license renewals for all licensees.*

34 *(D) In its last sunset review report in 1995, the department*
35 *studied both the electronic and appliance repair market and the*
36 *home furnishings and thermal insulation market to determine*
37 *whether regulatory activities were appropriate, necessary, and*
38 *should be continued, and recommended areas of deregulation and*
39 *areas to monitor in order to better target resources and evaluate*
40 *consumer risk and impact. The bureau should conduct market*

1 condition assessments to study both of these markets and determine
2 if current statutes and regulations reflect the needs of the markets,
3 where risk to consumers is the greatest, where resources could be
4 refocused or expanded, and whether continued regulation is clearly
5 necessary across all segments of these markets.

6 (E) The bureau issues a separate furniture retailer license,
7 bedding retailer license, combination furniture and bedding retailer
8 license, sanitizer license, and custom upholsterer license. The
9 bureau may consider whether it should consolidate any of its
10 licenses, and whether it should continue to regulate, or issue,
11 stand-alone licenses to sanitizers and custom upholsterers.

12 (F) The bureau has reported high product failure rates, which
13 are primarily attributed to technical violations of flammability,
14 product labeling, and feather and down standards. The bureau
15 should reexamine its testing protocols to ensure that it has the
16 information it needs to appropriately identify areas of highest risk
17 to consumers, and reexamine its standards, especially feather and
18 down and product labeling standards, to determine if some
19 standards could be relaxed, presuming there is no appreciable
20 impact on consumer safety, whether standards should be clarified
21 or better advertised, or whether penalties for violations are too
22 low to act as a proper deterrent.

23 (G) The bureau is scheduled to go live on the department's
24 BreEZe system in late 2015. The bureau should update the
25 committees on the status of its implementation of BreEZe, including
26 whether the system will accommodate the bureau's current and
27 future needs.

28 (b) It is the intent of the Legislature that the bureau examine
29 and respond to the issues and recommendations specified in
30 subparagraphs (A) to (G), inclusive, of paragraph (7) of
31 subdivision (a) that were identified in the background paper, and
32 report back to the committees by March 1, 2015, with its findings.

33 **SECTION 1.**

34 SEC. 2. Section 9810 of the Business and Professions Code is
35 amended to read:

36 9810. (a) There is in the Department of Consumer Affairs a
37 Bureau of Electronic and Appliance Repair, Home Furnishings,
38 and Thermal Insulation, under the supervision and control of the
39 director. The director shall administer and enforce the provisions

1 of this chapter and Chapter 3 (commencing with Section 19000)
2 of Division 8.

3 (b) The Governor shall appoint, subject to confirmation by the
4 Senate, a chief of the bureau at a salary to be fixed and determined
5 by the director with the approval of the Director of Finance. The
6 chief shall serve under the direction and supervision of the director
7 and at the pleasure of the Governor.

8 (c) Every power granted to or duty imposed upon the director
9 under this chapter and Chapter 3 (commencing with Section 19000)
10 of Division 8 may be exercised or performed in the name of the
11 director by a deputy or assistant director or by the chief, subject
12 to conditions and limitations that the director may prescribe.

13 (d) Whenever the laws of this state refer to the Bureau of
14 Electronic Repair Dealer Registration or the Bureau of Electronic
15 and Appliance Repair, the reference shall be construed to be to the
16 Bureau of Electronic and Appliance Repair, Home Furnishings,
17 and Thermal Insulation.

18 (e) Notwithstanding any other law, the powers and duties of the
19 Bureau of Electronic and Appliance Repair, Home Furnishings,
20 and Thermal Insulation, as set forth in this chapter and Chapter 3
21 (commencing with Section 19000) of Division 8, shall be subject
22 to review by the appropriate policy committees of the Legislature.
23 The review shall be performed as if this chapter and Chapter 3
24 (*commencing with Section 19000*) of Division 8 were scheduled
25 to be repealed on January 1, 2019.